Ministry of Agriculture

Agricultural Implements Board

2012-13
ANNUAL REPORT

Government of Saskatchewan

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This annual report is also available in electronic format from the Ministry's website at *www.agriculture.gov.sk.ca.*

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Letters of Transmittal

June 28, 2013

Her Honour, the Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May it please Your Honour:

As the Minister of Saskatchewan Agriculture, it is my pleasure to submit the Annual Report for the Agricultural Implements Board for the year ending March 31, 2013.

Respectfully submitted,

Lyle Stewart
Minister of Agriculture

June 28, 2013

The Honourable Lyle Stewart
Minister of Agriculture

Sir:

I respectfully submit the Annual Report of the Agricultural Implements Board for the fiscal year ending March 31, 2013.

Mr. Jeffrey Wheaton, Chair
Agricultural Implements Board

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The Act and the Board

The Agricultural Implements Act (the Act) provides protection to farmers who buy or own agricultural implements. The Act requires that farm equipment dealers and manufacturers maintain minimum levels of warranty, repair and parts delivery services. Farmers may apply to the Agricultural Implements Board (the Board) for compensation if they feel they have incurred a loss due to an unreasonable delay, or the unavailability of, farm equipment parts.

The current board consists of seven members who were appointed for a two-year term effective September 30, 2012. The Board members are:

Jeffrey Wheaton, Chairman

Allan Smith, Vice-Chairman, Canada West Equipment Dealers Association

Brad Nelson , Agricultural Manufacturers of Canada

Don Taylor , Saskatchewan Association of Rural Municipalities

Duane Smith, Canada West Equipment Dealers Association

Jeff Just, Association of Equipment Manufacturers

Joseph Guenther, Farmer Member

Objectives

To ensure that a responsible distributor is registered in the province for each manufacturer of agricultural implements;

To provide producer protection through statutory sales contracts and conditions under which implements are sold;

To provide investigation and mediation services on disputes regarding warranties and conditions of sales contained in the sales contract; and

To provide compensation to farmers where losses or damages are caused by breach of warranties or unreasonable delay in the provision of parts for repair.

Programs

The Board's programs are divided into two areas: preventative and remedial.

Preventative programs are aimed at eliminating problems before they occur. These programs include the registration of distributors and the licensing of dealers.

The remedial program aims to solve problems brought to the Board's attention. Complaints are investigated and mediated. When a formal Board hearing is necessary, compensation payments to applicants may be warranted.

Accomplishments

During the fiscal year 2012-2013, the office of the Board handled 75 complaints, mostly from farmers.

Spare parts supply, higher prices and warranty issues from manufacturers made up the majority of the complaints from farmers. Questions and concerns from implement dealers and distributors were also handled. The Board Secretary assisted farmers and dealers to resolve complaints.

Industry continues to use computerized inventory systems to locate parts at the many warehouses in North America within minutes, and the parts are placed into transit the same day.

All inquiries and complaints were dealt with by the Board Secretary.

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Program Statistics

Year	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Number of dealers	372	360	380	370	372	426	422
Number of distributors	100	95	93	90	93	89	87
Number of manufacturers	222	219	217	211	213	214	214
Number of hearings	0	0	0	0	1	1	0

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Agriculture Implements Board have been prepared by management in accordance with Canadian public sector accounting standards, using management's best estimates and judgments where appropriate.

The fund's management is responsible for the reliability and integrity of these financial statements and other information in the Annual Report. Financial information in the Annual Report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Provincial Auditor has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

Raymond Arscott, CA
Executive Director
Corporate Services Branch
Ministry of Agriculture
June 14, 2013

Donald Brooks, PAg
Secretary to the Agricultural Implements Board
Ministry of Agriculture
June 14, 2013

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PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Agricultural Implements Board, which comprise the Statement of Financial Position as at March 31, 2013, and the Statement of Operations and Net Financial Assets and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agricultural Implements Board as at March 31, 2013, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
June 14, 2013

Bonnie Lysyk, MBA, CA
Provincial Auditor

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Agricultural Implements Board

FINANCIAL STATEMENTS

March 31, 2013

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Statement 1

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2013	2012
ASSETS		
Due from General Revenue Fund (Note 3)	$ 203,015	$ 199,740
Accrued interest receivable	548	519
	$ 203,563	$ 200,259
LIABILITIES AND NET FINANCIAL ASSETS		
Liabilities:		
Deferred revenue	$ 700	$ 1,800
Net financial assets (Statement 2)	$ 202,863	$ 198,459

(See accompanying notes to the financial statements)

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Statement 2

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF OPERATIONS AND NET FINANCIAL ASSETS
For the Year Ended March 31

	2013	2012
Revenue:		
Assessment levies	$ 2,200	$ 2,325
Interest income	2,204	2,079
	4,404	4,404
Surplus for the year	4,404	4,404
Net financial assets, beginning of year	198,459	194,055
Net financial assets, end of year - to Statement 1	$ 202,863	$ 198,459

(See accompanying notes to the financial statements)

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AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2013	2012
Cash flows from operating activities:		
Cash receipts from distributors	$ 1,100	$ 2,150
Interest received	2,175	2,071
Net increase(decrease) in cash position during the year	3,275	4,221
Due from General Revenue Fund, beginning of year	199,740	195,519
Due from General Revenue Fund, end of year	$ 203,015	$ 199,740

(See accompanying notes to the financial statements)

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AGRICULTURAL IMPLEMENTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2013

1. Authority

The Agricultural Implements Board is continued under *The Agricultural Implements Act*. Under this Act, a fund known as the Agricultural Implements Compensation Fund, is also continued through which all transactions reflected in these statements are conducted. The Agricultural Implements Board is responsible for managing and operating the Fund:

a) to pay compensation to farmers who have suffered loss as a result of a defective implement;

b) to defray the expenses of investigating and hearing claims for compensation under this Act; and

c) to maintain a reserve fund to pay compensation that may become payable in the future.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A statement of net debt has not been prepared as information is readily determinable from the other statements. The following accounting policies are considered significant.

a) Revenue

Assessment levies on distributors are assessed annually and any levies received in advance are recorded as deferred revenue.

b) Use of estimates

These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

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3. Due from General Revenue Fund

The Agricultural Implements Board's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2013 average rate 1.09%; 2012 average rate 1.05%) and the Agricultural Implements Board's average daily bank account balance.

4. Related Parties Transactions

Salary and administration costs other than those in respect of investigations and hearings have been absorbed by the Ministry of Agriculture and are therefore not reflected in these financial statements.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes hereto.

5. Financial Instruments

Financial instruments consist of Due from General Revenue Fund and Accrued interest receivable. The fair values approximate the carrying values due to the short-term nature of these instruments.

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